



**STATE BOARD OF EQUALIZATION**

450 N STREET, SACRAMENTO, CALIFORNIA  
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080  
ROBERT LAMBERT (916) 324-6593  
DIANE OLSON (916) 322-9569  
FAX (916) 324-3984  
www.boe.ca.gov

JOHAN KLEHS  
First District, Hayward

DEAN ANDAL  
Second District, Stockton

CLAUDE PARRISH  
Third District, Torrance

JOHN CHIANG  
Fourth District, Los Angeles

KATHLEEN CONNELL  
State Controller, Sacramento

JAMES E. SPEED  
Executive Director  
No. 2001/060

September 7, 2001

TO COUNTY ASSESSORS:  
COUNTY COUNSEL:  
AND INTERESTED PARTIES:

**NOTICE OF PROPOSED REGULATORY ACTION  
BY THE  
STATE BOARD OF EQUALIZATION  
PROPERTY TAX RULE 29, POSSESSORY INTERESTS IN TAXABLE  
GOVERNMENT-OWNED REAL PROPERTY**

**NOTICE IS HEREBY GIVEN**

The State Board of Equalization, pursuant to the authority vested in the Board by section 15606(c) of the Government Code, proposes to adopt Rule 29, Possessory Interests in Taxable Government-Owned Property in Title 18, Division 1 of the California Code of Regulations. A public hearing on the proposed regulation will be held in Room 121, 450 N Street, Sacramento, at 1:30 p.m., or as soon thereafter as the matter may be heard, on October 24, 2001. Any person interested may present statements or arguments orally at that time and place. Written statements or arguments will be considered by the Board if received by October 24, 2001.

**INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

The California Constitution provides for the limited property taxation of certain land and improvements owned by local government agencies that are located outside their respective jurisdictional boundaries. (Cal. Const., art. XIII, § 11.) Subdivision (f) of section 11 additionally provides that any private possessory interests in such local government-owned extraterritorial real property shall be taxable. Subdivision (f), however, goes on to provide that the assessments of such taxable possessory interests in section 11 land are subject to the following limitation: they may not in the aggregate exceed the "value of all interests in the land less the taxable value of the interest of any local government" as calculated under section 11. The absence of express regulatory provisions detailing the precise manner in which taxable possessory interest assessments under section 11(f) are to be valued and taxed has resulted in inconsistent treatment of these interests among the counties, particularly with respect to the calculation of the referenced limitation amount. This rule is intended to eliminate the confusion and promote consistency and uniformity in these taxable possessory interest assessments.

## COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The State Board of Equalization has determined that proposed Rule 29 does not impose a mandate on local agencies or school districts. Further, the Board has determined that the proposed rule will not result in no direct or indirect cost or savings to any State agency, any costs to local agencies or school districts that are required to be reimbursed under Part 7 (commencing with § 17500) of Division 4 of Title 2 of the Government Code, or other non-discretionary costs or savings imposed on local agencies, or cost or savings in federal funding to the State of California.

## EFFECT ON BUSINESS

Pursuant to Government Code section 11346.5(a)(8), the Board of Equalization makes an initial determination that the adoption of Rule 29 will not have a significant statewide adverse economic impact directly affecting business.

The adoption of the proposed rule will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses nor create or expand business in the State of California.

The rule as proposed will not be detrimental to California businesses in competing with businesses in other states.

The proposed rule will not affect small business because the proposed rule makes specific the required assessment practices of county assessors and does not impose any additional compliance or reporting requirements on taxpayers.

## COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

## SIGNIFICANT EFFECT ON HOUSING COSTS

No significant effect.

## FEDERAL REGULATIONS

Rule 29 has no comparable Federal regulations.

## AUTHORITY

Government Code section 15606, subdivision (c).

## REFERENCE

California Constitution article XIII, section 11(f).

## CONTACT

Questions regarding the substance of the proposed rule should be directed to: Mr. Robert Lambert, Senior Tax, telephone (916) 324-6593; fax (916) 323-3387, email [Robert.Lambert@boe.ca.gov](mailto:Robert.Lambert@boe.ca.gov), or P.O. Box 94279-0082, 450 N Street, CA 95814.

Written comments for the Board's consideration, notice to present testimony or bring witnesses to the public hearing, and inquiries concerning the proposed administrative action should be directed to Diane Olson, Regulations Coordinator, telephone (916) 322-9569, fax (916) 324-3984, email [Diane.Olson@boe.ca.gov](mailto:Diane.Olson@boe.ca.gov), or Lydia Moreno, Business Taxes Appeals Analyst, (916) 445-7086, email [Lydia.Moreno@boe.ca.gov](mailto:Lydia.Moreno@boe.ca.gov), or P.O. Box 94279-0080, 450 N Street, Sacramento, CA 95814.

## ALTERNATIVES CONSIDERED

The Board must determine that no reasonable alternative has been considered or has otherwise been identified and brought to its attention that would be more effective in carrying out the purpose for which this action is proposed, or would be as effective and less burdensome to affected private persons than the proposed action.

## AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Board has prepared an initial statement of reasons and an underscored version (express terms) of the proposed rule. Those documents and all information on which the proposal is based are available to the public upon request. The rulemaking file is available for public inspection at 450 N Street, Sacramento, CA. Requests for copies should be addressed to Ms. Diane Olson, Regulations Coordinator, (916) 322-9569, at P. O. Box 942879, 450 N Street, MIC:80, Sacramento, CA 94279-0080. The express terms of the proposed regulation (rule) is available on the Internet at the Board's website <http://www.boe.ca.gov>.

## AVAILABILITY OF FINAL STATEMENT OF REASONS

The final statement of reasons will be made available on the Internet at the Board's web site following its public hearing of the proposed rule. It is also available for public inspection at 450 N Street, Sacramento, CA.

## ADDITIONAL COMMENTS

Following the hearing, the State Board of Equalization may, in accordance with law, adopt the proposed rule if the text remains substantially the same as described in the text originally made available to the public. If the State Board of Equalization makes modifications which are substantially related to the originally proposed text, the Board will make the modified text, with the changes clearly indicated, available to the public for fifteen days before adoption of the rule. The text of the modified rule will be mailed to those interested parties who commented on the proposed regulatory action orally or in writing or who asked to be informed of such changes. The modified rule will be available to the public from Ms. Olson. The State Board of Equalization will consider written comments on the modified rule for fifteen days after the date on which the modified rule is made available to the public.

Dated: September 7, 2001

STATE BOARD OF EQUALIZATION

Deborah Pellegrini, Chief  
Board Proceedings Division